

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re GOOGLE INC. SHAREHOLDER
DERIVATIVE LITIGATION

Master File No. CV-11-04248-PJH

This Document Relates To:

ALL ACTIONS.

CITY OF ORLANDO POLICE PENSION
FUND by Its Trustees, derivatively on behalf
of GOOGLE INC.,

Case No. CV-13-02038-PJH

Plaintiffs,

vs.

LAWRENCE E. PAGE, et al.,

Defendants.

and

GOOGLE INC., a Delaware corporation,

Nominal Defendant.

~~[PROPOSED]~~ ORDER PRELIMINARILY
APPROVING DERIVATIVE SETTLEMENT
AND PROVIDING FOR NOTICE

1 WHEREAS, the Plaintiffs having moved, pursuant to Federal Rule of Civil Procedure 23.1,
2 for an order (i) preliminarily approving the proposed derivative settlement of the Actions (the
3 "Settlement"), in accordance with a Stipulation of Settlement, dated August 7, 2014 (the
4 "Stipulation"), which, together with the Exhibits annexed thereto, set forth the terms and conditions
5 for a proposed Settlement and dismissal of the Actions with prejudice, upon the terms and conditions
6 set forth therein; and (ii) approving the dissemination of the Notice of Proposed Derivative
7 Settlement; and

8 WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth
9 in the Stipulation (in addition to those capitalized terms defined herein); and

10 WHEREAS, this Court, having considered the Stipulation and the Exhibits annexed thereto
11 and having heard the arguments of the Settling Parties at the preliminary approval hearing:

12 NOW THEREFORE, IT IS HEREBY ORDERED:

13 1. This Court does hereby preliminarily approve, subject to further consideration at the
14 Settlement Hearing described below, the Stipulation and the Settlement set forth therein, including
15 the terms and conditions for settlement and dismissal with prejudice of the Actions.

16 2. A hearing (the "Settlement Hearing") shall be held before this Court on January 21,
17 2015, at 9:00 a.m., at 1301 Clay Street, Courtroom 3, Oakland, California 94612, to determine
18 whether the Settlement of the Actions on the terms and conditions provided for in the Stipulation is
19 fair, reasonable and adequate to Google Inc. ("Google") and its stockholders and should be approved
20 by the Court; whether a Judgment as provided in ¶1.10 of the Stipulation should be entered herein;
21 and whether to award attorneys' fees and expenses to Plaintiffs' Counsel.

22 3. The Court approves, as to form and content, the Notice of Proposed Derivative
23 Settlement annexed as Exhibit A-1 hereto (the "Long-Form Notice") and the Short-Form Notice of
24 Proposed Derivative Settlement annexed as Exhibit A-2 hereto (the "Summary Notice"), and finds
25 that the publication of the Long-Form Notice, Summary Notice and Stipulation, substantially in the
26 manner and form set forth in this Order, meets the requirements of Federal Rule of Civil Procedure
27 23.1 and due process, and is the best notice practicable under the circumstances and shall constitute
28 due and sufficient notice to all Persons entitled thereto.

4. Not later than ten (10) business days following entry of this Order, Google shall: (a) cause a copy of the Long-Form Notice, substantially in the form annexed as Exhibit A-1 hereto, and the Stipulation to be filed with the U.S. Securities and Exchange Commission ("SEC") along with an SEC Form 8-K or other appropriate filing; (b) create a link to the SEC filing on the Company's "Investor Relations" page of <http://www.google.com>, the address of which shall be contained in the Long-Form Notice and Summary Notice; and (c) cause a copy of the Summary Notice, substantially in the form annexed as Exhibit A-2 hereto, to be published over the course of thirty (30) days in *Investor's Business Daily*.

5. Not later than twenty-one (21) days after Google has complied with ¶4 above, Google's counsel shall serve on Plaintiffs' Counsel and file with the Court proof, by affidavit or declaration, of such publication.

6. All Google stockholders shall be bound by all orders, determinations and judgments of the Court in the Actions concerning the Settlement, whether favorable or unfavorable to Google's stockholders.

7. Pending the Effective Date, all proceedings and discovery in the Actions shall be stayed except as otherwise provided for in the Stipulation, and no party to the Actions or any Google stockholders shall file or prosecute any action or proceeding in any court or tribunal relating to the Settlement or asserting any of the Released Claims against the Released Persons.

8. All papers in support of the Settlement and the separately negotiated attorneys' fees and expenses shall be filed with the Court and served on or before December 9, 2014 and any reply briefs shall be filed with the Court on or before January 14, 2015.

9. Any current Google stockholder may appear and show cause, if he, she or it has any reason why the terms of the Settlement of the Actions should not be approved as fair, reasonable and adequate, or why the District Court Approval Order and Judgment should not be entered thereon, provided, however, that, unless otherwise ordered by the Court, no current Google stockholder shall be heard or entitled to contest the approval of all or any of the terms and conditions of the Settlement, or, if approved, the District Court Approval Order and the Judgment to be entered thereon approving the same, unless that Person has, at least fourteen (14) calendar days before the

1 Settlement Hearing, filed with the Clerk of the Court appropriate proof of Google stock ownership,
 2 along with written objections, including the basis therefore, and copies of any papers and briefs in
 3 support thereof. All written objections and supporting papers must be submitted to the Court either
 4 by mailing them to:

5 Clerk of the Court
 6 UNITED STATES DISTRICT COURT
 7 NORTHERN DISTRICT OF CALIFORNIA
 1301 Clay Street
 Oakland, CA 94612

8 OR by filing them in person at any location of the United States District Court for the Northern
 9 District of California.

10 Any current Google stockholder who does not make an objection in the manner provided herein shall
 11 be deemed to have waived such objection and shall forever be foreclosed from making any objection
 12 to the fairness, reasonableness or adequacy of the Settlement as incorporated in the Stipulation and
 13 to the award of attorneys' fees and expenses to Plaintiffs' Counsel, unless otherwise ordered by the
 14 Court, but shall otherwise be bound by the District Court Approval Order and the Judgment to be
 15 entered and the releases to be given.

16 10. Neither the Stipulation nor the Settlement, including the Exhibits attached thereto, nor
 17 any act performed or document executed pursuant to or in furtherance of the Stipulation or the
 18 Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered or used in any
 19 way as a concession, admission, or evidence of the validity of any Released Claims or any fault,
 20 wrongdoing or liability of the Released Persons or Google; or (b) is or may be deemed to be or may
 21 be used as a presumption, admission, or evidence of any liability, fault or omission of any of the
 22 Released Persons or Google in any civil, criminal or administrative or other proceeding in any court,
 23 administrative agency, tribunal or other forum. Neither the Stipulation nor the Settlement, nor any
 24 act performed or document executed pursuant to or in furtherance of the Stipulation or the
 25 Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the
 26 Settlement, and except that the Released Persons may file or use the Stipulation, the District Court
 27 Approval Order and/or the Judgment in any action that may be brought against them in order to
 28 support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith

1 and credit, release, standing, judgment bar or reduction or any other theory of claim preclusion or
 2 issue preclusion or similar defense or counterclaim.

3 11. The Court reserves the right to adjourn the date of the Settlement Hearing or modify
 4 any other dates set forth herein without further notice to Google stockholders, and retains jurisdiction
 5 to consider all further applications arising out of or connected with the Settlement. The Court may
 6 approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if
 7 appropriate, without further notice to Google stockholders.

8 IT IS SO ORDERED.

9 DATED: 11/6/14

10 THE HONOR  ELIS J. HAMILTON
 11 UNITED STATES DISTRICT JUDGE

12 Submitted by,

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13 Doerr, John L. Hennessy, Paul S. Otellini,
14 K. Ram Shriram, Shirley M. Tilghman, Ann
15 Mather, and Nominal Defendant Google
16 Inc.

1 I, Benny C. Goodman III, am the ECF user whose identification and password are being used
2 to file the [Proposed] Order Preliminarily Approving Derivative Settlement and Providing for
3 Notice. In compliance with Local Rule 5-1(i)(3), I hereby attest that Jeffrey S. Abraham and Boris
4 Feldman have concurred in this filing.

5 DATED: November 4, 2014

s/ Benny C. Goodman III
BENNY C. GOODMAN III

EXHIBIT A-1

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re GOOGLE INC. SHAREHOLDER
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This Document Relates To:

ALL ACTIONS.

CITY OF ORLANDO POLICE PENSION
FUND by Its Trustees, derivatively on behalf
of GOOGLE INC.,

Case No. CV-13-02038-PJH

Plaintiffs,

vs.

NOTICE OF PROPOSED DERIVATIVE
SETTLEMENT

LAWRENCE E. PAGE, et al.,

Defendants.

EXHIBIT A-1

and

GOOGLE INC., a Delaware corporation,

Nominal Defendant.

1 **TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF THE COMMON**
 2 **STOCK OF GOOGLE INC. ("GOOGLE" OR THE "COMPANY") AS OF AUGUST**
 3 **7, 2014 (THE "RECORD DATE")**

4 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS**
 5 **NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF THE**
 6 **ABOVE-CAPTIONED DERIVATIVE ACTIONS (THE "ACTIONS") AND**
 7 **CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR**
 8 **RIGHTS MAY BE AFFECTED BY THESE LEGAL PROCEEDINGS. IF THE**
 9 **COURT APPROVES THE SETTLEMENT, YOU WILL BE FOREVER BARRED**
 10 **FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND**
 11 **FROM PURSUING THE RELEASED CLAIMS.**

12 **IF YOU HOLD GOOGLE COMMON STOCK FOR THE BENEFIT OF ANOTHER,**
 13 **PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL**
 14 **OWNER.**

15 Notice is hereby provided to you of the proposed settlement (the "Settlement") of this
 16 stockholder derivative litigation. This Notice is provided by Order of the United States District
 17 Court for the Northern District of California (the "Court"). It is not an expression of any opinion by
 18 the Court with respect to the truth of the allegations in the litigation or merits of the claims or
 19 defenses asserted by or against any party. It is solely to notify you of the terms of the proposed
 20 Settlement, and your rights related thereto. Capitalized terms not otherwise defined shall have the
 21 definitions set forth in a written Stipulation of Settlement, dated August 7, 2014 ("Stipulation"). A
 22 link to the Form 8-K filed with the SEC containing the text of the Stipulation may be found on
 23 Google's website at the Investor Relations page at <http://investor.google.com>.

14 **I. WHY THE COMPANY HAS ISSUED THIS NOTICE**

15 Your rights may be affected by the Settlement of the actions styled *In re Google Inc.*
 16 *Shareholder Derivative Litigation*, No. CV-11-04248-PJH (N.D. Cal.), and *City of Orlando Police*
 17 *Pension Fund v. Page, et al.*, No. CV-13-02038-PJH (N.D. Cal.) (together, the "Actions"). Plaintiffs
 18 Patricia H. McKenna, Avrohom Gallis, James Clem and City of Orlando Police Pension Fund (on
 19 behalf of themselves and derivatively on behalf of Google); Settling Defendants Larry Page, Sergey
 20 Brin, Eric E. Schmidt, L. John Doerr, John L. Hennessy, Ann Mather, Paul S. Otellini, K. Ram
 21 Shriram, and Shirley M. Tilghman; and Nominal Defendant Google have agreed upon terms to settle
 22 the above-referenced litigation and have signed the Stipulation setting forth those settlement terms.

On January 21, 2015, at 9:00 a.m., the Court will hold a hearing (the "Settlement Hearing") in the Actions. The purpose of the Settlement Hearing is to determine: (i) whether the terms of the Settlement are fair, reasonable and adequate, including the separately negotiated amount for Plaintiffs' Counsel's attorneys' fees and expenses, and should be finally approved; (ii) whether a final judgment should be entered and the Actions dismissed with prejudice pursuant to the Stipulation; and (iii) such other matters as may be necessary or proper under the circumstances.

II. THE GOOGLE DERIVATIVE LITIGATION

A. Overview of the Actions and Procedural History

The Actions allege that Google allowed foreign online pharmacies to place advertisements that violated federal laws on Google's advertising platform. The Actions further assert that Google's alleged violation of federal law regarding the foreign online pharmacy ads caused the Company to enter into a Non-Prosecution Agreement (NPA) with the U.S. Department of Justice whereby Google allegedly admitted to wrongful conduct related to the placement by foreign online pharmacies of advertisements on Google's advertising platform. As a result of these alleged advertising practices at Google, Plaintiffs in the Demand Futility Action and the Demand Refused Action allege that the Settling Defendants breached their fiduciary duty of loyalty and/or duty of care owed to Google and its stockholders. The Settling Defendants have denied and continue to deny each and every one of the claims and contentions alleged by the Plaintiffs in the Actions.

1. Commencement and Consolidation of the Demand Futility Action

The first derivative action addressing the foreign pharmacy ads generated on Google's advertising platform was filed on August 29, 2011, in the United States District Court for the Northern District of California (the "Court"). Thereafter, two additional actions were filed in the Court containing similar allegations. All three actions alleged, among other things, that a pre-suit demand upon the Google Board of Directors (the "Google Board") was futile and excused as a matter of law. On September 19, 2011, the Court issued an order consolidating these derivative actions.

2. The Motion to Dismiss the Consolidated Complaint

On October 24, 2011, plaintiffs Patricia H. McKenna, Avrohom Gallis and James Clem (together, "Demand Futility Plaintiffs") filed a Consolidated Shareholder Derivative Complaint ("Consolidated Complaint"). In the Consolidated Complaint, the Demand Futility Plaintiffs asserted claims on behalf of Google against defendants Larry Page, Sergey Brin, Eric E. Schmidt, L. John Doerr, John L. Hennessy, Paul S. Otellini, K. Ram Shriram, Shirley M. Tilghman, Nikesh Arora, and Patrick Pichette (together, the "Individual Defendants") for breach of fiduciary duty, abuse of control, corporate waste, and unjust enrichment.

On December 14, 2011, the Individual Defendants and Nominal Party Google filed a Motion to Dismiss the Consolidated Complaint. In the Motion to Dismiss, the Individual Defendants and Google argued, among other things, that the Consolidated Complaint failed to adequately plead that a pre-suit demand upon the Google Board was futile. They further argued that the Consolidated Complaint failed to state any actionable claim for relief under the applicable laws.

On February 14, 2012, the Demand Futility Plaintiffs filed an Opposition to the Motion to Dismiss the Consolidated Complaint. In their opposition, the Demand Futility Plaintiffs argued, among other things, that the Consolidated Complaint pleaded, with particularity, facts sufficient to excuse a pre-suit demand upon the Google Board. The Demand Futility Plaintiffs further argued that the facts alleged in the Consolidated Complaint stated actionable claims for relief against the Individual Defendants.

On May 8, 2012, after hearing oral argument, the Court issued an order granting the Motion to Dismiss the Consolidated Complaint. The Court also granted the Demand Futility Plaintiffs leave to file an amended complaint.

3. The Motion to Dismiss the Amended Consolidated Complaint

On June 8, 2012, the Demand Futility Plaintiffs filed an Amended Consolidated Shareholder Derivative Complaint (the "Amended Consolidated Complaint"). The Amended Consolidated Complaint included, among other things, additional facts alleging why a pre-suit demand upon the Google Board was futile and, therefore, excused. The Amended Consolidated Complaint did not name Nikesh Arora or Patrick Pichette as defendants, but asserted claims on behalf of Google

1 against defendants Larry Page, Sergey Brin, Eric E. Schmidt, L. John Doerr, John L. Hennessy, Paul
2 S. Otellini, K. Ram Shriram, and Shirley M. Tilghman (together, the “Demand Futility Defendants”)
3 for breach of fiduciary duty and other claims.

4 On July 6, 2012, the Demand Futility Defendants and Google filed a Motion to Dismiss the
5 Amended Consolidated Complaint. In their dismissal motion, the Demand Futility Defendants and
6 Google argued that, despite the additional facts, the Amended Consolidated Complaint failed to
7 adequately allege that a pre-suit demand upon the Google Board was excused. The Demand Futility
8 Defendants and Google further argued that, even if a pre-suit demand was futile, the Amended
9 Consolidated Complaint still must be dismissed for failure to state any actionable claim for relief.

10 On August 10, 2012, the Demand Futility Plaintiffs filed an Opposition to the Motion to
11 Dismiss the Amended Consolidated Complaint. In their opposition, the Demand Futility Plaintiffs
12 argued, among other things, that the Motion to Dismiss the Amended Consolidated Complaint
13 should be denied because the Amended Consolidated Complaint set forth facts sufficient to excuse a
14 pre-suit demand upon the Google Board. The Demand Futility Plaintiffs also articulated why the
15 Amended Consolidated Complaint stated actionable claims for breach of fiduciary duty and other
16 relief.

17 On July 3, 2013, the Court heard oral argument on the Motion to Dismiss the Amended
18 Consolidated Complaint. On September 26, 2013, the Court issued an order granting the Motion to
19 Dismiss the Amended Consolidated Complaint with leave to amend.

20 **4. The Motion to Dismiss the Second Amended Complaint**

21 On November 1, 2013, the Demand Futility Plaintiffs filed a Second Amended Consolidated
22 Shareholder Derivative Complaint (“Second Amended Complaint”). The Second Amended
23 Complaint included additional facts concerning the reasons why a pre-suit demand upon the Google
24 Board was futile. The Second Amended Complaint also asserted claims for relief against the
25 Demand Futility Defendants for, among other things, breach of fiduciary duty.

26 On December 6, 2013, the Demand Futility Defendants and Google filed a Motion to
27 Dismiss the Second Amended Complaint. In their Motion to Dismiss the Second Amended
28 Complaint, the Demand Futility Defendants and Google once again argued that the Demand Futility

1 Action must be dismissed because the Demand Futility Plaintiffs had not made a pre-suit demand
 2 upon the Google Board. The Demand Futility Defendants and Google further argued that the
 3 Second Amended Complaint was defective because it failed to allege facts that stated any actionable
 4 claim for relief.

5 On January 16, 2014, the Demand Futility Plaintiffs filed an Opposition to the Motion to
 6 Dismiss the Second Amended Complaint. In their opposition, the Demand Futility Plaintiffs argued
 7 that the particularized facts contained in the Second Amended Complaint excused a pre-suit demand
 8 upon the Google Board, and stated actionable claims for relief for breach of fiduciary duty, unjust
 9 enrichment, and corporate waste.

10 On March 5, 2014, the Court heard oral argument on the Motion to Dismiss the Second
 11 Amended Complaint. At the conclusion of the hearing, the Court took the Motion to Dismiss the
 12 Second Amended Complaint under submission.

13 Following the March 5, 2014 hearing, the parties agreed to stay the proceedings to permit the
 14 parties to participate in private mediation. The parties submitted stipulations staying the proceedings
 15 on March 11, 2014, April 25, 2014, July 21, 2014, and July 30, 2014. Pursuant to the Court's Orders
 16 of March 12, 2014, April 29, 2014, July 23, 2014, and July 31, 2014, the proceedings are currently
 17 stayed until August 8, 2014.

18 **5. The City of Orlando Police Pension Fund Makes a Demand on** 19 **Google's Board**

20 On January 13, 2012, the City of Orlando Police Pension Fund ("Demand Refused Plaintiff"
 21 or "Orlando Pension Fund") by its attorneys Abraham, Fruchter & Twersky, LLP ("AF&T" or
 22 "Demand Refused Counsel"), served a written demand for action ("Demand") upon the Google
 23 Board. In the Demand, the Demand Refused Plaintiff demanded, among other things, that the
 24 Google Board investigate and bring legal action against defendants Larry Page, Sergey Brin, Eric E.
 25 Schmidt and the other executives, accountable for permitting foreign online pharmacies to place
 26 advertisements that violated federal laws on Google's advertising platform, which allegedly resulted
 27 in, *inter alia*, the Company entering into the NPA.
 28

1 **6. Formation of the Independent Special Committee and**
2 **Rejection of the Demand**

3 On April 11, 2012, in response to the Demand, the Google Board established an independent
4 Special Committee to conduct an investigation and consider the facts and circumstances of the
5 allegations contained in the Demand. The Google Board determined that Directors Diane B. Greene
6 and Ann Mather were capable of competently and impartially considering the Demand and
7 designated them as the members of the Special Committee.

8 Between approximately May 2012 and December 2012, the Special Committee and its
9 retained counsel conducted an investigation into the matters set forth in the Demand. On January 28,
10 2013, after considering the findings and conclusions of the investigation, counsel for the Special
11 Committee notified Orlando Pension Fund of the Google Board's decision to refuse the Demand,
12 and not to pursue any of the claims alleged in the Demand.

13 **7. The Motion to Dismiss the Demand Refused Complaint**

14 On May 2, 2013, the Orlando Pension Fund commenced an action in the United States
15 District Court for the Northern District of California with the filing of a shareholder derivative
16 complaint alleging, among other things, that Google's Board has improperly and unreasonably
17 refused the Demand (the "Demand Refused Complaint"). In the Demand Refused Complaint, the
18 Orlando Pension Fund asserted claims on behalf of Google against Larry Page, Sergey Brin, Eric E.
19 Schmidt, L. John Doerr, John L. Hennessy, Ann Mather, Paul S. Otellini, K. Ram Shriram and
20 Shirley M. Tilghman (together, the "Demand Refused Defendants") for breach of fiduciary duty in
21 connection with Google's acceptance of advertisements by foreign online pharmacies that did not
22 comply with certain federal laws.

23 On May 22, 2013, Google and the Demand Refused Defendants filed a Motion to Dismiss
24 the Demand Refused Complaint. On June 21, 2013, the Demand Refused Plaintiff filed an
25 Opposition to the Motion to Dismiss the Demand Refused Complaint. A hearing on the motion was
26 conducted on July 24, 2013.

27 On September 26, 2013, the Court issued an Order denying the Demand Refused Defendants'
28 Motion to Dismiss the Demand Refused Complaint.

1 **8. The Motion for Summary Judgment**

2 On November 1, 2013, Google and the Demand Refused Defendants filed a Motion for
3 Summary Judgment.

4 On December 18, 2013, the Demand Refused Plaintiff filed an Opposition to the Motion for
5 Summary Judgment and, in the alternative, sought a continuance of the Court's ruling on the Motion
6 for Summary Judgment until the Demand Refused Plaintiff had the opportunity to take sufficient
7 discovery needed for opposing the summary judgment motion by filing of an affidavit pursuant to
8 Federal Rule of Civil Procedure 56(d).

9 The Court heard oral argument on the Motion for Summary Judgment and on the Demand
10 Refused Plaintiff's request for a continuance under Federal Rule of Civil Procedure 56(d) on January
11 29, 2014. Following the hearing, the parties agreed to stay the proceedings to permit the parties to
12 participate in private mediation. The parties submitted stipulations staying the proceedings on
13 March 11, 2014, April 25, 2014, July 21, 2014, and July 30, 2014. Pursuant to the Court's Orders of
14 March 12, 2014, April 29, 2014, July 23, 2014, and July 31, 2014, the proceedings are currently
15 stayed until August 8, 2014.

16 **B. Settlement Negotiations**

17 After the Motion to Dismiss the Second Amended Complaint and the Motion for Summary
18 Judgment in the Demand Refused Action were taken under submission by the Court, beginning in
19 March 2014, representatives of the Settling Parties commenced negotiations regarding possible
20 resolution of the Actions. Ultimately, the Settling Parties engaged in a formal mediation process
21 before the Honorable Layn R. Phillips, United States District Court Judge (Ret.), which culminated
22 in an all-day, in-person mediation session on May 21, 2014 in New York, New York. As a result of
23 these arm's-length settlement negotiations, the Settling Parties reached an agreement-in-principle for
24 the resolution of the Actions.

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1 **C. Approval of the Settlement by the Committee of Independent**
2 **Directors**

3 On August 4, 2014, a Committee of independent Google directors, in exercising their
4 business judgment, unanimously approved the Settlement and each of its terms, as set forth in the
5 Stipulation, as in the best interest of Google and its stockholders.

6 **III. TERMS OF THE PROPOSED DERIVATIVE SETTLEMENT**

7 The principal terms, conditions and other matters that are part of the Settlement, which is
8 subject to approval by the Court, are summarized below. This summary should be read in
9 conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation, which
10 has been filed with the Court and is available at a link on Google's website at the Investor Relations
11 page at <http://investor.google.com>.

12 In connection with the Settlement of the Actions, the Google Board, following review and
13 recommendation by its Committee of independent Google directors, shall adopt and maintain the
14 corporate governance measures and funding requirements specified herein within one-hundred and
15 twenty days (120) after judicial approval of the proposed Settlement by the Court. The corporate
16 governance reforms and funding commitments shall remain in effect for not fewer than five (5) years
17 from that date and shall not be altered without a Court order. Google acknowledges that the
18 commencement, prosecution, and settlement of the Actions were a material and substantial factor in
19 the decision by Google to adopt, implement, and maintain the corporate governance reforms and
20 funding commitments set forth below:

21 **(1) User Safety Initiative**

22 (a) As a material part of the Settlement, Google shall create the User Safety
23 Initiative. This program will focus on frustrating and disrupting the operations of rogue pharmacies
24 online.

25 (b) The mission statement and charter for the User Safety Initiative shall be as
26 follows:

27 The User Safety Initiative ("USI") aims to disrupt the operations of rogue pharmacies
28 online. By proactively leveraging Google's expertise in policy enforcement, and

1 working closely with industry, non-profits, NGOs, regulators, and law enforcement,
2 USI's objective is to increasingly and more holistically make it difficult for rogue
3 online pharmacies who abuse Google's systems to operate.

4 Initial Steps:

5 To promote USI's mission, Google will focus on the following areas over the next
6 year:

- 7 • Building relationships with entities globally who can take meaningful steps to
8 frustrate business operations of rogue online pharmacy networks and expand
9 the reach of drug abuse prevention messaging organizations.
- 10 • Continuing to make proactive referrals to trusted partners and law
11 enforcement entities best positioned to take meaningful action aimed at
12 frustrating the operations of largest rogue online pharmacy networks.
- 13 • Improving visibility of relevant and reliable educational content regarding
14 prescription drug abuse prevention and intervention, and assist trusted
15 organizations operating in these areas (e.g., Drugfree.org) with marketing
16 efforts.
- 17 • Educating partners on best practices for collaborating with industry and law
18 enforcement so as to more holistically frustrate the business operations of
19 rogue online pharmacy networks.
- 20 • Regularly testing policy enforcement systems to identify and remedy
21 potential ways rogue online pharmacies might seek to evade those systems.

22 Reporting:

23 Per the "Corporate Governance Provisions" Agreement, the USI's progress in these
24 areas will be reported on to the Audit Committee in July 2015.

25 USI Team:

1 Individuals from the Legal Department, the Product Quality Operations Team, and
 2 the Risk Team.

3 Preliminary Action Items:

- 4 • Fund and help disseminate drug abuse prevention messaging campaigns
 5 online.
- 6 • Develop better working relationship with payment processors in order to
 7 collectively take action against the most egregious rogue pharmacy networks.
- 8 • Work closely with law enforcement and/or regulatory agencies on legal
 9 action against most egregious rogue pharmacy networks.
- 10 • Work with legitimate pharmacies on optimization practices to counter against
 11 the marketing efforts of rogue pharmacy networks online.
- 12 • Hire expert in enforcement actions against unlicensed pharmacies as
 13 consultant.
- 14
- 15

16 (c) At least once annually after adoption of the User Safety Initiative, Google's
 17 General Counsel shall report to the Audit Committee of the Google Board on the USI's activities,
 18 successes, and challenges, and further recommend to the Google Board (or an appropriate
 19 Committee of the Google Board) any changes in the USI. To the extent such changes are
 20 substantial, Google shall seek Court approval after meeting and conferring with Plaintiffs' Counsel.

21 (d) Should the Google Board (or an appropriate Committee of the Google Board)
 22 modify the User Safety Initiative, it will ensure that the amount of funding dedicated to the User
 23 Safety Initiative will continue to be dedicated to frustrating the operations of actors engaging in
 24 illegal and dangerous activities online – including, but not limited to, actors who place ads in
 25 violation of U.S. law and/or Google's content policies and prohibitions regarding dangerous and
 26 illegal activity.

1 **(2) On-Line Advertising and Compliance**

2 (a) The Audit Committee shall cause Google to continue to implement and
3 maintain, and enforce, to the extent feasible, written policies and procedures designed to ensure
4 compliance with federal and state laws and regulations. These policies and procedures shall include,
5 but need not be limited to, those set forth below.

6 (b) Google shall retain LegitScript to complement Google's sweeps and searches
7 of advertisements running through AdWords as required under Google's "Unapproved
8 Pharmaceuticals and Supplements" policy. Google may replace LegitScript with another provider or
9 mechanism of at least equal quality with the prior approval of the Audit Committee.

10 (c) Google shall use the Verified Internet Pharmacy Practices Sites ("VIPPS")
11 program to screen out internet pharmacy ads that do not comply with federal and/or state law or with
12 Google's relevant advertising policies. Google may replace VIPPS with another provider or
13 mechanism of at least equal quality with the prior approval of the Audit Committee.

14 (d) Google shall use, and as appropriate improve upon, automated systems,
15 including those that review the web pages that consumers visit when clicking on a link in an
16 advertisement, and shall timely disable those ads that violate Google's advertising policies.

17 (e) Google shall disable URLs (including URLs not active on AdWords) from
18 being linked to ads in AdWords or similar Google advertising programs when notified that they are
19 subject to action by governmental agencies, including without limitation, the FDA and Drug
20 Enforcement Agency and/or violate Google's advertising policies.

21 (f) Google shall refer to appropriate regulators or law enforcement agencies those
22 persons or entities that engage in significant and systematic attempts to evade Google's advertising
23 policies or electronic screening mechanisms against rogue online pharmacies.

24 (g) Google shall maintain its position as a board member of the Center for Safe
25 Internet Pharmacies ("CSIP"), so long as CSIP's primary focus continues to be effective ways in
26 which industry can combat abuses of their systems with respect to online pharmacies.

27 (h) The Audit Committee shall (i) require management to conduct internal audits
28 on Google's on-line advertising compliance with regulatory and/or legal requirements; or (ii)

1 commission external review by counsel or other professionals of Google's policies for on-line
 2 advertising-related compliance with relevant regulations and/or laws at least once every 24 months.
 3 Either shall be provided to the Audit Committee in writing.

4 (i) Google's General Counsel or senior compliance official shall report to
 5 the Audit Committee semi-annually on the Company's compliance with, and enforcement of, its
 6 advertising policies and initiatives.

7 (ii) Google's General Counsel or senior compliance official shall report to
 8 the Audit Committee semi-annually discussing any material updates to the advertising compliance
 9 program that were or will be adopted to prevent evasion of Google's advertising policy by online
 10 pharmacy advertisers.

11 (3) Criminal Activity Reporting

12 Google's General Counsel shall be responsible for reviewing every situation in which a
 13 Google employee is convicted of a felony under U.S. federal or state criminal statutes in connection
 14 with his employment by Google and for reporting to the Google Board (or an appropriate committee
 15 of the Google Board) with respect to that violation. Presumptively, any employee convicted of a
 16 felony under a U.S. federal or state criminal statute in connection with his employment by Google
 17 shall be terminated for cause and receive no severance payments in connection with the termination.
 18 If the General Counsel determines that such termination is not warranted, he shall so recommend to
 19 the Google Board (or an appropriate committee of the Google Board), which will act upon his
 20 recommendation in its discretion.

21 (4) Funding Commitment

22 In order to provide appropriate funding for Google's On-Line Advertising Product, Quality
 23 Operations and Ethics Compliance, Google hereby commits to budget and spend at least \$50 million
 24 per year on its Product Quality Operations, Policy Enforcement, and User Safety Initiative
 25 collectively, during each of the five years in which this Agreement shall be in effect, for a total of at
 26 least \$250 million. This funding will be deployed through the direction of existing resources, as well
 27 as through the allocation or acquisition of additional resources or assets, towards fulfilling the
 28 objectives and obligations set forth herein and will be specifically targeted at frustrating the efforts

1 of parties engaging in illegal and dangerous activities online that pose a threat to users of Google
 2 services, including ads that violate U.S. law or Google's content policies and prohibitions regarding
 3 dangerous and illegal activities.

4 **(5) Application of Google's Policies to Acquired Companies**

5 Within twelve months following the acquisition of digital advertising companies, Google will
 6 review their advertising-related compliance and regulatory policies to ensure consistency with
 7 Google's existing policies and the corporate governance measures set out in the Stipulation.

8 **IV. PLAINTIFFS' COUNSEL'S SEPARATELY NEGOTIATED**
 9 **ATTORNEYS' FEES AND EXPENSES**

10 After negotiating the principal terms of the Settlement, Plaintiffs' Counsel and Google, by
 11 and through its counsel, with the assistance of the mediator, the Honorable Layn R. Phillips (Ret.),
 12 negotiated the attorneys' fees and expenses that Google would pay to Plaintiffs' Counsel, subject to
 13 Court approval. As a result of these negotiations, and in light of the substantial benefit conferred,
 14 Google agreed to pay \$9,900,000 to Plaintiffs' Counsel for their fees and expenses ("Fee and
 15 Expense Award"). The Fee and Expense Award includes fees and expenses incurred by Plaintiffs'
 16 Counsel in connection with the prosecution and settlement of the Actions. To date, Plaintiffs'
 17 Counsel have not received any payments for their efforts on behalf of Google stockholders. The Fee
 18 and Expense Award will compensate Plaintiffs' Counsel for the results achieved in the litigation.

19 **V. REASONS FOR THE SETTLEMENT**

20 The Settling Parties have determined that it is desirable and beneficial that the Actions, and
 21 all of their disputes related thereto, be fully and finally settled in the manner and upon the terms and
 22 conditions set forth in the Stipulation and Plaintiffs' Counsel believe that the Settlement is in the best
 23 interests of the Settling Parties, Google and its stockholders.

24 **A. Why Did the Settling Defendants Agree to Settle?**

25 The Settling Defendants have denied and continue to deny each and every one of the claims
 26 and contentions alleged by the Plaintiffs in the Actions. The Settling Defendants expressly have
 27 denied and continue to deny all allegations of wrongdoing or liability against them arising out of any
 28 of the conduct, statements, acts or omissions alleged, or that could have been alleged in the Actions,

1 and contend that many of the factual allegations in the Actions are untrue and materially inaccurate.
2 The Settling Defendants have denied and continue to deny that they breached their fiduciary duties
3 or any other duty owed to Google or its stockholders, or that Plaintiffs, Google or its stockholders
4 have suffered any damages or were harmed by the conduct alleged in the Actions or otherwise. The
5 Settling Defendants have further asserted and continue to assert that at all relevant times, they acted
6 in good faith and in a manner they reasonably believed to be in the best interests of Google and its
7 stockholders. Pursuant to the terms set forth therein, the Stipulation shall in no event be construed as
8 or deemed to be evidence of an admission or concession by any of the Settling Defendants with
9 respect to any claim of fault, liability, wrongdoing or damage whatsoever.

10 Nonetheless, the Settling Defendants and Google also have taken into account the expense,
11 uncertainty and risks inherent in any litigation, especially in complex cases like the Actions.
12 Therefore, the Settling Defendants and Google have determined that it is desirable and beneficial
13 that the Actions, and all of the Settling Parties' disputes relating thereto, be fully and finally settled
14 in the manner and upon the terms and conditions set forth in the Stipulation.

15 **B. Why Did Plaintiffs Agree to Settle?**

16 Plaintiffs and their counsel believe that the claims asserted in the Actions have merit.
17 However, Plaintiffs and their counsel recognize and acknowledge the expense and length of
18 continued proceedings necessary to prosecute the Actions against the Settling Defendants through
19 trial and appeal. Plaintiffs and their counsel also have taken into account the uncertain outcome and
20 the risk of any litigation, especially in complex actions such as the Actions, as well as the difficulties
21 and delays inherent in such litigation. Plaintiffs and their counsel also are mindful of the inherent
22 problems of proof of, and possible defenses to, the violations asserted in the Actions. Based on
23 Plaintiffs' and their counsel's understanding of the facts, Plaintiffs and their counsel believe the
24 Settlement provides an outstanding recovery based on the alleged conduct of the Settling
25 Defendants. Based on their evaluation, Plaintiffs and their counsel have determined that the
26 Settlement set forth in the Stipulation is in the best interests of Google and its stockholders.
27
28

VI. SETTLEMENT HEARING

On January 21, 2015, at 9:00 a.m., the Court will hold the Settlement Hearing at 1301 Clay Street, Courtroom 3, Oakland, California 94612. At the Settlement Hearing, the Court will consider whether the terms of the Settlement are fair, reasonable and adequate and thus should be finally approved, whether the separately negotiated Fee and Expense Award should be approved and whether the Actions should be dismissed with prejudice pursuant to the Stipulation.

Pending determination of whether the Settlement should be approved, no Google stockholder, either directly, representatively, derivatively or in any other capacity, shall commence or prosecute against any of the Released Persons, any action or proceeding in any court, administrative agency or other tribunal asserting any of the Released Claims.

VII. RIGHT TO ATTEND SETTLEMENT HEARING

Any current Google stockholder may, but is not required to, appear in person at the Settlement Hearing. If you want to be heard at the Settlement Hearing, then you must first comply with the procedures for objecting, which are set forth below. The Court has the right to change the hearing date or time without further notice. Thus, if you are planning to attend the Settlement Hearing, you should confirm the date and time before going to the Court. Current Google stockholders who have no objection to the Settlement do not need to appear at the Settlement Hearing or take any other action.

VIII. RIGHT TO OBJECT TO THE PROPOSED DERIVATIVE SETTLEMENT AND PROCEDURES FOR DOING SO

Any current Google stockholder may appear and show cause, if he, she or it has any reason why the Settlement of the Actions should not be approved as fair, reasonable and adequate, or why a judgment should not be entered thereon, or why separately negotiated attorneys' fees and expenses should not be approved. You must object in writing, and you may request to be heard at the Settlement Hearing. If you choose to object, then you must follow these procedures.

A. You Must Make Detailed Objections in Writing

Any objections must be presented in writing and must contain the following information:

1. Your name, legal address, and telephone number;

2. The case name and number (*In re Google Inc., Shareholder Derivative Litigation*, Master File No. CV-11-04248-PJH; *City of Orlando Police Pension Fund v. Page, et al.*, Case No. CV-13-02038-PJH);

3. Proof of being a Google stockholder as of the Record Date;

4. The date(s) you acquired your Google shares;

5. A statement of each objection being made;

6. Notice of whether you intend to appear at the Settlement Hearing. You are not required to appear; and

7. Copies of any papers you intend to submit to the Court, along with the names of any witness(es) you intend to call to testify at the Settlement Hearing and the subject(s) of their testimony.

The Court may not consider any objection that does not substantially comply with these requirements.

B. You Must Timely Deliver Written Objections to the Court

All written objections and supporting papers must be submitted to the Court either by mailing them to:

Clerk of the Court
United States District Court
Northern District of California
1301 Clay Street
Oakland, CA 94612

OR by filing them in person at any location of the United States District Court for the Northern District of California.

YOUR WRITTEN OBJECTIONS MUST BE POSTMARKED OR ON FILE WITH THE CLERK OF THE COURT NO LATER THAN JANUARY 7, 2015.

Unless the Court orders otherwise, your objection will not be considered unless it is timely filed with the Court.

Any Person or entity who fails to object or otherwise request to be heard in the manner prescribed above will be deemed to have waived the right to object to any aspect of the Settlement as incorporated in the Stipulation or otherwise request to be heard (including the right to appeal) and

1 will be forever barred from raising such objection or request to be heard in this or any other action or
2 proceeding, and, unless otherwise ordered by the Court, shall be bound by the Judgment to be
3 entered and the releases to be given.

4 **IX. HOW TO OBTAIN ADDITIONAL INFORMATION**

5 This Notice summarizes the Stipulation. It is not a complete statement of the events of the
6 Actions or the Settlement contained in the Stipulation.

7 You may inspect the Stipulation and other papers in the Actions at the United States District
8 Clerk's office at any time during regular business hours of each business day. The Clerk's office is
9 located at the United States District Court for the Northern District of California, 1301 Clay Street,
10 Oakland, CA 94612. However, you must appear in person to inspect these documents. The Clerk's
11 office will not mail copies to you. You may also view and download the Stipulation at
12 <http://investor.google.com>.

13 If you have any questions about matters in this Notice you may contact by telephone at
14 1-800-449-4900 or in writing Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman &
15 Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

16 PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO EITHER
17 THE COURT OR THE CLERK'S OFFICE.

18 DATED _____, 2014

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

EXHIBIT A-2

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Counsel for Plaintiff City of Orlando Police
Pension Fund

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re GOOGLE INC. SHAREHOLDER
DERIVATIVE LITIGATION

Master File No. CV-11-04248-PJH

This Document Relates To:

ALL ACTIONS.

CITY OF ORLANDO POLICE PENSION
FUND by Its Trustees, derivatively on behalf
of GOOGLE INC.,

Case No. CV-13-02038-PJH

Plaintiffs,

vs.

LAWRENCE E. PAGE, et al.,

Defendants.

SHORT-FORM NOTICE OF PROPOSED
DERIVATIVE SETTLEMENT

and

GOOGLE INC., a Delaware corporation,

Nominal Defendant.

EXHIBIT A-2

1 **TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF THE COMMON**
 2 **STOCK OF GOOGLE INC. ("GOOGLE" OR THE "COMPANY") AS OF**
 3 **AUGUST 7, 2014 (THE "RECORD DATE")**

4 PLEASE TAKE NOTICE that the above-captioned shareholder derivative actions (the
 5 "Actions") are being settled on the terms set forth in a Stipulation of Settlement, dated August 7,
 6 2014 (the "Stipulation" or "Settlement").¹ This notice should be read in conjunction with, and is
 7 qualified in its entirety by reference to, the text of the Stipulation, which has been filed with the
 8 United States District Court for the Northern District of California. A link to the Form 8-K filed
 9 with the SEC containing the text of the Stipulation may be found on Google's website at the Investor
 10 Relations page at <http://investor.google.com>. Under the terms of the Stipulation, as a part of the
 11 proposed Settlement, Google shall adopt and provide funding for certain corporate governance
 12 enhancements. These reforms are designed to address the claims asserted in the Actions and
 13 enhance Google's monitoring of and response to legal compliance issues and shareholder concerns
 14 relating to rogue online pharmacies engaging in illegal and dangerous activities online who
 15 potentially pose a threat to users of Google services.

16 On August 4, 2014, a Committee of independent Google directors, in exercising their
 17 business judgment, approved the proposed Settlement, and each of its terms, as in the best interests
 18 of Google and its stockholders. The Settling Defendants agree and acknowledge that these reforms
 19 confer a substantial benefit upon Google and its stockholders.

20 In light of the substantial benefit conferred upon Google by Plaintiffs' Counsel's efforts, the
 21 Company, by and through its Committee of independent Google directors, has agreed to pay
 22 Plaintiffs' Counsel \$9,900,000 in attorneys' fees and expenses, subject to Court approval.

23 IF YOU WERE A RECORD OR BENEFICIAL OWNER OF GOOGLE COMMON
 24 STOCK AS OF AUGUST 7, 2014, PLEASE READ THIS NOTICE CAREFULLY AND IN ITS
 25 ENTIRETY AS YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THE ABOVE-
 26 REFERENCED LITIGATION.

27 On January 21, 2015, at 9:00 a.m., a hearing (the "Settlement Hearing") will be held at the
 28 United States District Court for the Northern District of California, 1301 Clay Street, Courtroom 3,

¹ All capitalized terms herein have the same meanings as set forth in the Stipulation.

Oakland, CA 94612, before the Honorable Phyllis J. Hamilton, to determine: (1) whether the terms of the proposed Settlement, including the separately negotiated attorneys' fees and expenses, should be approved as fair, reasonable and adequate; and (2) whether the Actions should be dismissed on the merits and with prejudice on the terms set forth in the Stipulation.

Any Google stockholder that objects to the Settlement shall have a right to appear and to be heard at the Settlement Hearing, provided that he, she or it was a stockholder of record or beneficial owner as of August 7, 2014. Any Google stockholder who satisfies this requirement may enter an appearance through counsel of such stockholder's own choosing and at such stockholder's own expense, or may appear on their own. However, no stockholder of Google shall be heard at the Settlement Hearing unless, no later than January 7, 2015, such stockholder has filed with the Court a written notice of objection containing the following information:

1. Your name, legal address, and telephone number;
2. The case name and number (*In re Google Inc., Shareholder Derivative Litigation*, Master File No. CV-11-04248-PJH; *City of Orlando Police Pension Fund v. Page, et al.*, Case No. CV-13-02038-PJH);
3. Proof of being a Google stockholder as of the Record Date;
4. The date(s) you acquired your Google shares;
5. A statement of each objection being made;
6. Notice of whether you intend to appear at the Settlement Hearing. You are not required to appear; and
7. Copies of any papers you intend to submit to the Court, along with the names of any witness(es) you intend to call to testify at the Settlement Hearing and the subject(s) of their testimony.

Only stockholders who have filed and delivered valid and timely written notices of objection will be entitled to be heard at the Settlement Hearing unless the Court orders otherwise.

If you wish to object to the proposed Settlement, you must file the written objection described above with the Court on or before January 7, 2015. All written objections and supporting papers must be submitted to the Court either by mailing them to:

1 Clerk of the Court
2 United States District Court
3 Northern District of California
4 1301 Clay Street
5 Oakland, CA 94612

6 OR by filing them in person at any location of the United States District Court for the
7 Northern District of California.

8 YOUR WRITTEN OBJECTIONS MUST BE POSTMARKED OR ON FILE WITH THE
9 CLERK OF THE COURT NO LATER THAN JANUARY 7, 2015.

10 Any Google stockholder as of August 7, 2014, who does not make his, her or its objection in
11 the manner provided herein shall be deemed to have waived such objection and shall be forever
12 foreclosed from making any objection to the fairness, reasonableness or adequacy of the Settlement
13 as incorporated in the Stipulation and/or to the separately negotiated attorneys' fees and expenses to
14 Plaintiffs' Counsel, unless otherwise ordered by the Court, but shall otherwise be bound by the
15 Judgment to be entered and the releases to be given.

16 Inquiries may be made to Plaintiffs' Counsel: Rick Nelson, c/o Shareholder Relations,
17 Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101;
18 telephone 1-800-449-4900.

19 **PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE**

20 DATED _____, 2014

21 BY ORDER OF THE COURT
22 UNITED STATES DISTRICT COURT
23 NORTHERN DISTRICT OF CALIFORNIA
24
25
26
27
28